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Financing of the United Nations Mission in Ethiopia and Eritrea

Donation of assets of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the United Nations Mission in Ethiopia and Eritrea (UNMEE) (A/63/728).

2. The mandate of UNMEE was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000). In its resolution 1798 (2008), the Council extended the mandate for a period of six months, until 31 July 2008. By its resolution 1827 (2008) of 30 July 2008, the Council decided to terminate the mandate of the Mission effective 31 July 2008. The Mission commenced its administrative liquidation on 1 August 2008, including the process of the disposition of its assets.

II. Background

3. The Secretary-General notes in his report that, in accordance with regulation 5.14 of the Financial Regulations and Rules of the United Nations, the Mission's asset disposal plan provides for the progressive transfer of assets, where feasible and economical, to other peacekeeping operations of the United Nations or to the United Nations Logistics Base at Brindisi, Italy, for temporary storage or to other United Nations activities funded from assessed contributions, as well as for their disposition through sale to United Nations agencies, funds and programmes, or commercial disposal, if circumstances so permit.

4. Regulation 5.14 (e) of the Financial Regulations and Rules further stipulates that any assets that have been installed in a country and that, if dismantled, would set back the rehabilitation of that country should be provided to the duly recognized

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Government of that country in return for compensation in a form to be agreed by the Organization and the Government. The regulation refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in that manner or otherwise, they are to be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.

5. UNMEE has identified assets for donation to the Government of Ethiopia, on a free-of-charge basis, with an inventory value of $1,398,500 and a residual value of $421,800, representing 2.5 per cent of the total inventory value of the Mission's assets, which amounts to $56,218,700 (A/63/728, table 1). The Secretary-General indicates that the donation of these assets, comprising primarily prefabricated facilities and information technology equipment (computers and printers), would enhance the operational capabilities of the Government of Ethiopia.

6. UNMEE has also identified assets for donation to the Government of Eritrea, on a free-of-charge basis, with an inventory value of $6,082,100 and a residual value of $2,299,300, representing 10.8 per cent of the total inventory value of the Mission's assets (A/63/728, table 2). The Secretary-General indicates that the donation of these assets, comprising primarily prefabricated facilities, generators and accommodation equipment, would enhance the operational capabilities of the Government of Eritrea, especially for rehabilitation of the communities in the former temporary security zone.

7. However, on 5 March 2009, the Advisory Committee was informed that the Permanent Mission of Eritrea, by a note verbale dated 25 February 2009, had informed the Secretariat of the United Nations that the donation of UNMEE assets was not accepted by the communities concerned in Eritrea and advised the United Nations to make the necessary arrangements for shipping out all its remaining assets in Eritrea. The Committee was further informed that since UNMEE had already finalized the field liquidation process, terminated the service contracts and repatriated its staff, the Mission would not be in a position to recover the remaining assets. Accordingly, the Mission intends to leave these assets in situ.

8. As UNMEE is a closed Mission, its assets are now managed administratively by the United Nations Logistics Base at Brindisi, Italy. **The Advisory Committee recommends that the Organization's potential liability, if any, be clarified and that such information be provided to the General Assembly during its consideration of the report of the Secretary-General on the financing of UNMEE (A/63/728).**

9. The proposed donation of assets to the African Union is based on a letter from the Secretary-General dated 19 December 2008 (S/2008/804) addressed to the President of the Security Council, in which the Secretary-General proposed a number of options that could be undertaken immediately to support implementation of the Djibouti Peace Agreement and contribute to enabling the conditions required for the eventual deployment of a United Nations peacekeeping operation in Somalia. These options contained proposals for the reinforcement of the African Union Mission in Somalia (AMISOM), including a proposal for the immediate in kind enhancement of AMISOM through the transfer of approximately $7 million worth of assets, subject to approval by the relevant legislative bodies, following the liquidation of UNMEE. The Security Council, in its resolution 1863 (2009), welcomed the recommendations contained in the Secretary-General's letter of

19 December 2008 on strengthening AMISOM, including his proposal for immediate in kind enhancement of AMISOM through the transfer of assets following the liquidation of UNMEE.

10. In this connection, UNMEE has identified for donation to the African Union, on a free-of-charge basis, assets with an inventory value of $6,911,400 and a residual value of $1,967,900, representing 12.3 per cent of the total inventory value of the Mission's assets. The Secretary-General indicates that these assets, comprising primarily prefabricated buildings, including ablution units and associated equipment, generators, air conditioners and soft-skin vehicles, would enable the African Union to enhance the operational capabilities of AMISOM.

11. The Secretary-General indicates in paragraph 2 of his report that information on the actual disposition of assets of the Mission would be provided in the report of UNMEE on the final disposition of assets, to be submitted for the consideration of the General Assembly during its sixty-fourth session.

III. Observations and recommendations

12. The Advisory Committee was informed that, under the specific circumstances, some assets would be transferred to the United Nations Logistics Base at Brindisi, Italy, for commercial disposal at auction. **The Committee is concerned about the economic feasibility of this course of action, as well as its implications for the role of the Logistics Base.**

13. The Advisory Committee recalls that the Security Council, in its resolution 1827 (2008), called upon the Governments of Eritrea and Ethiopia to cooperate fully with the United Nations, including in the UNMEE liquidation process (A/63/602, para. 15). **The Committee welcomes the fact that matters regarding the Mission's liquidation have been resolved with the Government of Ethiopia. The Committee further notes the development with regard to the Government of Eritrea (see para. 7 above) and trusts that, despite the change in circumstances, the liquidation process will be concluded as efficiently as possible.**

14. The Advisory Committee recalls that in its previous report (A/63/602, para. 16), it stressed the importance of adequate oversight during the liquidation phase and stated its expectation that the Office of Internal Oversight Services would coordinate closely with the Mission in this regard. The Committee was informed that audit reviews were an integral part of the UNMEE liquidation process. The Committee also recalls the concern of the Board of Auditors that the incompleteness of customs clearance documents would adversely affect the liquidation process.[1] The Committee was informed that this matter had been resolved. **The Committee welcomes these developments.**

15. As noted above, regulation 5.14 (e) of the United Nations Financial Regulations and Rules stipulates that the contribution of assets to Governments free of charge requires the prior approval of the General Assembly. The Committee was informed that the assets proposed for donation had been transferred, in advance of the decision of the General Assembly, to the Government of Ethiopia, the

[1] See *Official Records of the General Assembly, Sixty-third Session, Supplement No. 5* (A/63/5), Vol. II, chap. II, sect. B.13 (to be issued).

Government of Eritrea and the African Union. The Advisory Committee was informed that memorandums of understanding were concluded to regulate the advance transfer of assets. The Committee was also informed that UNMEE proceeded with the advance transfer because the assets could not be secured and maintained on the ground since the remaining six international staff members in Eritrea were scheduled to depart by the end of the Mission's liquidation phase, on 28 February. **The Committee trusts that requirements for the re-marking of transferred assets will be consistently applied.**

16. **The Advisory Committee notes that, since UNMEE has already placed the assets proposed for donation in temporary custody of the recipients, the Secretary-General is now seeking the ex post facto approval of the General Assembly for this transfer. The Committee points out that there is no provision in the Financial Regulations and Rules regarding the placement of such assets in temporary custody pending approval by the General Assembly. In the Committee's view, this matter needs to be addressed.**

17. The action to be taken by the General Assembly at its sixty-third session in connection with the financing of UNMEE is indicated in paragraph 16 of the Secretary-General's report (A/63/728). **Under the circumstances, the Advisory Committee does not interpose objection to the course of action proposed by the Secretary-General in paragraphs 16 (a) and (c) of his report.**